

Understanding CSR in the light of “Caritas in Veritate”

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Abstract

This paper aims to show that the Encyclical Letter “Caritas in Veritate”(CV) is very useful for preventing the essential nature of Corporate Social Responsibility (CSR) from being jeopardised due to a lack of awareness of its ethical bases.

A short “ideal history” of CSR tries to explain how future misunderstandings in the way CSR is conceived can be avoided and, therefore, three phases are outlined: the debate in the '60s and '70s; the sceptical thinking in the '80s; the “explosion” from the mid '90s onwards.

An analysis of the papers of Walters (1977) (political views for and against CSR) and Frederick (1981) (the changing positions of the Committee for Economic Development in the 1970s) are used in the paper to explain some of the causes of the decline in the '80s. These causes are identified as: a *residual* view of CSR in a company, a certain lack of valuation of the economic cost-benefits of being responsible and a frequently insufficient awareness of the deep ethical nature of CSR.

The third phase is mostly due to a partial overcoming of the above-mentioned first and second causes of the previous decline but the damage due to undervaluing the role of ethics remains, risking either a relativistic or an instrumental view of CSR that would jeopardize its intrinsic humanistic purpose.

CV is, therefore, enlightening on the sound ethical bases of CSR, mostly by referring to the four principles of Catholic Social Teaching: human dignity, common good, solidarity and subsidiarity.

1. Introduction

The recent, enormous and overwhelming increase in the interest, studies and applications of Corporate Social Responsibility (CSR) in the socio-economic world is a very positive result indeed, as it contributes towards humanizing and driving the large resources of business and entrepreneurship to assist many / a large number of human beings (United Nations, 2008; European Commission, 2001, 2002, 2004).

Nevertheless, this very development of CSR may also lead to negative consequences for mankind, due to the risk of its intrinsic ethical perspective being jeopardized, distorting CSR towards an instrumental and stereotypical view or, worse still, in a way that covers bad management, both social and economic.

To prevent these negative consequences, the consciousness of the ethical reasons and foundations of CSR studies and practices must be underpinned: the basic research question and aim of this paper is to refer to how the Encyclical Letter *Caritas in Veritate* (CV) can help mankind (not only Catholics) to maintain a solid, ethical foundation of CSR in order to prevent many of the risks of distorting CSR away from its essentially ethical nature.

Instead of a general study and classification of CSR, its different meanings and historical, detailed theorizations and experiences, this paper tries to understand the general reasons (and limits) for the “explosion” that started in the mid ‘90s and continues nowadays.

In this context three fundamental questions are posed:

- a) why *must* a company be “responsible”?
- b) what is the ethics on which responsibility is grounded?
- c) how can CSR be applied in all practical situations?

This paper aims to show that CV, linked to the general view of Catholic Social Teaching (CST), can tackle these questions and build a truly humanistic view of CSR, by proposing a sound ethical basis for CSR, avoiding both instrumental and *residual* views.

An instrumental view of socially responsible behaviour occurs when CSR is considered only as a way to beat competition (for an analysis of this view: Donaldson and Preston, 1995; Garriga and Melé, 2004), for example to save one’s reputation or to avoid being considered out of date.

It may easily be inferred that strict unilateral instrumental CSR politics is very far from a truly ethically motivated behaviour and can lead to the disappearance of responsible behaviour as soon as their perceived economical convenience ends.

In addition, it should be noticed that a widespread idea of CSR confuses it either with single initiatives in favour of social, cultural or environmental well-being or with philanthropy: this opinion can be named *residual*, because it does not consider CSR as a general way of thinking and practicing company management.

This view can lead to negative consequences for the ethical application of CSR, because a company could be “good” in some respects (giving gifts,

carrying out philanthropic actions, social initiatives), but “bad” in others, especially in its core business, for example presenting false accounts or exploiting workers or ill-informed savers.

2. The discontinuous history of CSR from the '60s until today: pioneers, crisis and “explosion”: which questions still need to be solved ?

In order to grasp the essential contributions of Caritas in Veritate to the CSR debate, we start by considering a short “ideal history”, that could be divided into three phases, using the increasing or decreasing interest in CSR as a criterion.

This paper adopts the word “ideal” because it abstracts from all the various characteristics of CSR, except its connection with some political ideologies. The purpose is to emphasize the more diffused mindset that in time gives meaning to the very complex and articulated idea of CSR (Garriga and Melé, 2004).

The criterion used to select facts for this “history” is oriented strictly towards the aim of this paper and does not, on any account, present itself as a specific history of CSR (as , for example, Chrieleison, 2004).

The phases are:

- a) first propagation of CSR (since Bowen, 1953), with relevant friendly and hostile opinions in the '60s and '70s;
- b) a sceptical period at the end of the '70s and in the '80s: we can see the spread of behaviour thinking with regard to CSR (Frederick, 1981; Gray et al., 1987; Rusconi, 1988 and 2006);
- c) partially unexpected “explosion” of interest and practices from the mid '90s onwards.

The first “ideal” phase was characterized by initial proposals and ideas that tried, not often clearly , to define what CSR is.

As a focal point for this analysis, it may be useful to reflect upon the considerations of Walters 1977, which examined the relationships between CSR and different political ideologies in the USA at a time when the movement for CSR was on the increase, although about to decline.

This paper by Walters sheds light on some essential issues of CSR:

- 1) different meanings and misunderstandings of CSR;
- 2) no straightforward boundaries amongst political views of CSR;
- 3) the roots of the future both with regard to a decline of CSR in the second phase and the “explosion” of ideas and applications in the third ideal phase.

Walters points out that the purpose of his paper is:

“... to explore why both conservative and liberal arguments are used on both sides of the corporate social responsibility debate, that is, why both conservative and liberal arguments are used in favor of corporations exercising social responsibilities and

arguments reflecting similar political ideologies are used against corporations assuming social responsibilities..." (Walters, 1977, p. 40).

According to table 1 of Walters (1977, p. 41):

- 1) conservative opponents of CSR politics say: only profit maximization enables firms to work efficiently and accomplish their duty towards people. CSR is a voluntary tax that reduces profits for shareholders and only monopolists can be socially responsible, but they should be prosecuted because their CSR is at the expense of others (Friedman, 1970);
- 2) liberal opponents affirm that: CSR is an anti-democratic and subversive kind of social paternalism; managers are not qualified to be involved in social questions, social goals are to be achieved by public regulations and not CSR, which also increases corporate power and authority that should, on the contrary, be reduced;
- 3) conservative supporters: the alternative to CSR is overregulation or even socialism, therefore CSR is in the interest of the long term profitability of individual firms and also of the free-market system as a whole;
- 4) liberal supporters: it is useful for companies to operate against social ills and to expand public regulations, if necessary, so that CSR includes political responsibility and business-government cooperation. This cooperation to find solutions to social needs is useful in the long term for every size or type of business.

Walters refuses both conservative and liberal opponents.
Against the first he says:

"...Friedman has *defined* (author's note: in italics in the original text) social responsibility as non-profit-maximizing behaviour, undertaken to benefit those other than shareholders...Social responsibility (author's note: according to conservative opponents) refers to corporate goals, not corporate strategies-to ends, not means" (Walters, 1977, p. 41).

Firms cannot, nevertheless, ignore long-term consequences of a myopic profit maximization strategy, due also to some specific market failure, as, for example, pollution and consumer ignorance.

Liberal opponents are questioned because they would not consider that in contemporary CSR social agenda is not dictated by large companies, but:

"Rather than setting grand social priorities, the business manager is typically reacting to specific pressures emanating from the general public or from specific interests groups affected by corporate policies and operations....social responsibility is not telling society what is good for society but responding to what society tells the firm the society wants and expects from it" (Walters, 1977, p. 44).

The concordance between conservative and liberal supporters of CSR is grounded essentially on considering CSR as:

"Social responsibility is not a non-market goal, but is a set of business policies to most effectively achieve profitability and to assure further profitability" (Walters, 1977, p. 49).

From this outlook, CSR can reduce agency and transaction costs, so conservative and liberal supporters differentiate only on the role of the public and regulations, but also in this perspective, according to Walters (1977), there is a trend to converge not towards an ideological, but a practical view based on applications to specific situations.

At first sight, this old paper seems to show much of some of the current observations concerning CSR (see the European Commission "Green Paper" 2001 and so on), but why did the "explosion" take place only in the second half of the '90s? Was it also due to an unclear view of the relations between ethics and CSR?

Let us turn to our "ideal" history of CSR: it is fundamental to note that Walters' 1977 paper was a few years before neo-liberism launched the expansion of the free-market idea in accordance with the position of CSR-sceptical conservatives.

After a very short time, in the '80s, above all in the USA and the U.K., words like regulation and public action in the world of economy became "bad" and were blamed in the world of business, therefore, the same CSR suffered a period of decline and restructuring.

The analysis of this sceptical period starts with the examination quoted in Frederick (1981) of the change in priorities by the Committee for Economic Development (CED), an organization consisting mainly of about two hundred top-level corporation executives used to identify "emerging business philosophy":

"The modern manager sees the corporation as a social as well as an economic organization, functioning in the whole of society rather than just in the marketplace (CED, 1971)... We stress primarily reliance on the market system (CED 1979)" (Quoted in Frederick, 1981, p.20).

Frederick's analysis tries to explain these changes of opinion in various ways, but it is fundamental to underline his recognition that:

"CED's 1971 statement seems to be a somewhat carelessly constructed response to a period of great turbulence" (Frederick, 1981, p. 24).

CED's 1971 declaration was to a great extent influenced by turbulent pressure placed on corporations (environmentalism, consumerism, human rights movements and so on) in the late '60s and changed after the pressure began to slacken.

As a matter of fact, the cultural climate was changing: indeed, in the '80s a period started that could be considered of "low tension" (Rusconi, 1988, p.98) towards CSR, that also involved a decrease in social accounting research and, mainly, practical applications. This was due, to a great extent, to the changing dominant view from a regulated to a stronger free market idea of capitalism (the so-called "turbocapitalism", Luttwak, 1999), but we also have to consider what

the theoretical influence of the idea of CSR in the '70s and '80s was on reducing the tension towards CSR.

Is it possible, therefore, to find that the decline in interest is, to some extent rooted in internal ambiguities or pitfalls?

As we can also see in Walters (1977), CSR can, from time to time, be considered as: costly philanthropy trading off with profit, a dominant paternalistic initiative, a residual charitable initiative or largesse when profits are sufficient and so on.

Walters, being close to conservative-liberal CSR supporters, underlines that CSR is not only a cost, but concerns a firm's long-term survival and profitability.

This very interesting thirty-three year old analysis nevertheless leaves some important issues unsolved.

First of all, does CSR have to be inserted in the core business¹ and not identified with some projects of specific initiatives for social actions, as could be inferred from Walters's following affirmation?

"It should be added that the merit of the conservative position against corporate social responsibility is its insistence that the market system places limits on what a corporation can do to solve social problems: business corporations are not bottomless cornucopias able to solve all of society's ills.A firm is limited to social projects that are in some sense related to its operating environment and its own interests" (Walters, 1977, pp.42-43).

This perspective of CSR as single project oriented (or as a set of social projects and not a general guide for management operations) implies that it is both easier to think about costs than to the more indirect and future positive consequences for the company and that CSR could be used in an instrumental way to cover bad management, according to one of the central objections of classic conservative critics to CSR enterprise involvement (Friedman, 1970).

Considering CSR to be a set of single operations to solve social problems can be a strong backing whether for conservative or liberal opponents. Only a *global* view of a responsible corporation can emphasize the links correctly (mainly indirect, global and long-term related) between CSR and sustainable profitability. Considering a corporation's global activities towards all interested stakeholders (shareholders included, of course) also enables us to discover more easily an instrumental or misleading use of CSR to hide bad management.

Thanks to this global view, paternalism can also be disputed, because only by adopting a global view of a firm's activities can full disclosures be made about where and how the consequences of paternalistic misuses, such as lack of personal development or neglecting some specific stakeholders, are felt.

Secondly, fruitful effects of CSR are often presented in the '70s without linking them to research regarding their connections with a firm's financial results:

¹This is the classic objection of stakeholder view oriented scholars, starting from Freeman (1984), who prefers to speak of responsibility towards all stakeholders instead of social responsibility.

therefore, valuations of a company’s costs/benefits of CSR can be influenced by a more or less dominant mindset of the time. Frederick (1981) considers “voluntarism”, enlightened self-interest and public-government partnership as key-arguments of provisional CED support of CSR in 1971, but if you cannot demonstrate if and where CSR is not economically damaging for the company, dominant ideology can easily reject it in many cases.

Thirdly, ethics is strictly connected with CSR, but CSR’s ethical roots are rarely examined in depth. The previous two arguments in favour of CSR are always connected to corporation success, but if only the long-term convenience of CSR is spoken about, the shift can be made either to a naïve and logically unfounded win-win opinion² or to a pure instrumental view, that can easily jeopardize ethical foundations of CSR. As an example the case can be considered in which nobody is able to punish a company acting in an unethical way.

This inadequate analysis of the ethical foundations of CSR is not the direct key cause of the ’80s to early ’90s CSR crisis, because conservative opponents were, in principle, sceptical about accepting CSR as convenient for company’s shareholders, but the problem of the ethical foundations of CSR will clearly emerge only at the time of the CSR “explosion” from the mid ’90s onwards.

Fourthly, and finally, Walters’ idea that “a paternalistic excess of social power” can be prevented only by considering that companies are pressurised by various stakeholders into applying CSR in some directions rather than in others, could imply both an instrumental misuse of CSR and a neglect of those people without the power to apply pressure. Moreover, this issue is, in any case, not concerned so much with the crisis of the ’80s as with the following phase of this “ideal history”.

In conclusion, a *residual* view and a lack of in-depth economic analysis of CSR’s cost-benefit for the company, undoubtedly catalyzed the drop in interest of the ’80s, another reason being that the “new conservative revolution” questioned the arguments of favourable conservatives. The importance of the third factor (role of ethics) will emerge more during the “explosion” from the mid ’90s onwards, while the fourth (paternalism) factor remained slightly hidden, albeit a potential obstacle to the acceptance of CSR.

Turning to the third phase of our “ideal” history, it has to be emphasized that, notwithstanding the strong free-market neo-liberism was still dominant, though less radically so, CSR exploded. Why did this happen?

This rapid change was essentially due to:

- a) the overcoming of the idea of CSR as an added philanthropic cost for a company, because of the propagation of the idea that responsible behaviour can also be useful for pursuing a sustainable income for shareholders (European Commission, 2001);
- b) the emerging awareness that ethics can be useful at least for reducing agency costs;

²About a critical analysis of this view, Rusconi (2009).

c) the influence of the stakeholder approach (among others: Freeman and Reed, 1983; Freeman, 1984 and Phillips et al., 2003), as a confirmation that shareholders are not only relevant for managing a company well.

a),b),c) were useful for throwing open the doors of managerial studies and practical applications to CSR, but we must not forget to what extent and how the four factors considered above (non global view, problem of measuring relations between responsibility and economic success, lack of ethical analysis and paternalism) are still incumbent on CSR thinking and its applications, with risks that jeopardize both CSR development and its ethical core.

The first two factors have in part been overcome thanks to the development of a more complete managerial view and by the ethical investors phenomenon and connected research (to know more see: Signori, 2006 and 2009), even if the terminology of either "social responsibility investment" or single corporation social programme is still being used and is reminiscent of a *residual* and not synergic view of CSR.

What has to be considered in greater depth is the role of ethics, because the risk is that CSR will be left standing alone, without any explicit ethical roots. CSR is, itself, based on ethics, so if the ethics is ignored, a view of CSR is being constructed that is either strictly instrumental or with "hidden ethics", that is practised more or less consciously.

At this point three key questions emerge:

- a) why *must* a company be "responsible"?
- b) what are the ethics on which responsibility is founded? In fact, not all ethics are always the same of course;
- c) how can CSR be applied in all practical situations?

Caritas in Veritate (CV), linked to the general view of Catholic Social Teaching (CST), can help to tackle these questions and to build a full and truly humanistic view of CSR in a plural world, where different ethical and religious views exist.

CV, together with CST, can, in fact, provide a global, ethical view that underpins the theoretical basis of CSR and increases motivation to be proactive and creative in practical applications, while leaving the technical contribution of managers and scholars to be autonomous and, in this way, also becoming an instrument for working in the plural world of business.

3. Caritas in Veritate and CSR's nature and issues

CV proposed a concept of CSR (and a related business ethics view) that explicitly implies refusing: the instrumental use of ethics, its relegation to specific sectors of the economy, a view of CSR that is not totally humanistic and, last but not least, a fragile and/or relativistic ethical basis for CSR.

Let us examine directly the few, but impressive words of CV, starting from:

“Striving to meet the deepest moral needs of the person also has important and beneficial repercussions at the level of economics. *The economy needs ethics in order to function correctly* (author’s note: in italics in the original text)...” (CV, paragraph 45).

The utility of a responsible behaviour is emphasized, but this general affirmation does not have as a consequence an instrumental or naïve win-win view of CSR:

“not any ethics whatsoever, but an ethics which is people-centred. Today we hear much talk of ethics in the world of economy, finance and business. Research centres and seminars in business ethics are on the rise; the system of ethical certification is spreading throughout the developed world as part of the movement of ideas associated with the responsibilities of business towards society. Banks are proposing “ethical” accounts and investment funds. “Ethical financing” is being developed, especially through micro-credit and, more generally, micro-finance. These processes are praiseworthy and deserve much support. Their positive effects are also being felt in the less developed areas of the world. *It would be advisable, however, to develop a sound criterion of discernment, since the adjective “ethical” can be abused. When the word is used generically, it can lend itself to any number of interpretations, even to the point where it includes decisions and choices contrary to justice and authentic human welfare* (author’s note: the italics were added by the author of this paper).

Much in fact depends on the underlying system of morality. On this subject the Church’s social doctrine can make a specific contribution, since it is based on man’s creation “in the image of God” (Gen. 1:27), a datum which gives rise to the inviolable dignity of the human person and the transcendent value of natural moral norms. When business ethics prescind from these two pillars, it inevitably risks losing its distinctive nature and it falls prey to forms of exploitation; more specifically, it risks becoming subservient to existing economic and financial systems rather than correcting their dysfunctional aspects. Among other things, it risks being used to justify the financing of projects that are in reality unethical. The word “ethical”, then, should not be used to make ideological distinctions, as if to suggest that initiatives not formally so designed would not be ethical. Efforts are needed—and it is essential to say this—not only to create “ethical” sectors or segments of the economy or the world of finance, but to ensure that the world economy—the whole of finance – is ethical, nor merely by virtue of an external label, but by its respects for requirements intrinsic to its very nature. The Church’s social teaching is quite clear on the subject, recalling that the economy, in all its branches, constitutes a sector of human activity” (CV, paragraph 45).

As far as regards CSR (paragraph 40 of CV) affirms that:

“Yet there is also increasing awareness of the need for greater *social responsibility* (author’s note: in italics in the original text) on the part of business. Even if the ethical considerations that currently inform debate on the social responsibility of the corporate world are not acceptable from the perspective of the Church’s social doctrine, there is nevertheless a growing conviction that *business management cannot concern itself only with the interests of the proprietors, but must also assume responsibility for all the other stakeholders who contribute to the life of the business* (author’s note: in italics in the original text): the workers, the clients, the suppliers of various elements of production, the community of reference” (CV, paragraph 40).

According to CV, problems posed on previous pages about the limitations of the view of CSR in its historical development can be tackled successfully.

First of all, CSR’s ethical roots are not indeterminate and general and realising this prevents CSR from risks of being biased and influenced by changeable opinions and “fashions”. Though ethical and social awareness are historically influenced in their development and applications, CV affirms that the ethical core is always the same, grounded on the *transcendent value of natural moral norms*: a philosophical humanistic, though transcendence-oriented view which claims that no human person’s right or legitimate interest (very differently from centring only on sheer interest) can be neglected and that business is good if finalized towards the well-being (spiritual, cultural, material and so on) of all men.

This view of CV prevents CSR’s idea that ethical management may be thought of only as following transitory social pressures or fashionable dominant thinking.

This statement of CV prevents CSR from being reduced to just an advertising oriented instrument, based on emphasizing a corporation’s good initiatives.

According to CV, it is also possible to consider the critics of liberal opponents quoted by Walters (1977) as far as regards *paternalism* and *too much political power of the corporation*. In fact, if more than just a one-dimensional well-being of the person must be considered ethically, a similar Big Brother view of the firm’s management is unacceptable and, on the other hand, it is not acceptable to privilege only more powerful and influential stakeholders.

It can, therefore, be seen that CV can be beneficial in underpinning a sound and coherent view of CSR.

In paragraph 45 CV refers explicitly to Catholic Social Teaching (CST), so in the next paragraph CSR will be considered by using CST principles, following and enlarging the applications, a method that has already been applied to the relationships between social accounting and CST (Rusconi, 2010 a, b).

4. CSR and CST: some general insights for applications

The above-mentioned issues about CSR are now examined by applying the four principles of CST (human dignity, common good, solidarity and subsidiarity), that must be appreciated in their unity, interrelatedness and articulation (Compendium, 2004, 162): ethically responsible behaviour is, consequently, viewed in the light of these principles.

4.1. The Dignity of the Human Being

The founding principle is a *human being’s unique and unrepeatable dignity, operating in the concrete world, open to the transcendent and responsible for freedom*.

In the light of the Gospel and CST, this perspective can inspire and strengthen CSR towards becoming a well-specified and sound ethical view; so that it is possible:

- a) to prevent manipulating human beings as the result of a purely instrumental CSR;
- b) to consider CSR as a coherent, organic and global managerial activity in favour of human beings themselves and not only a philanthropic *residual* operation (donating money and/or organizing specific social projects);
- c) above all to found the company’s operations on the dignity of human beings as a universal value with all the related implications (business and human life, ethics of finance, ethics of commercial relations and so on), even when there is (or only perceived to be) a trade-off between ethics and profit, that is possible, because ingenuous win-win is logically (and practically) untenable (Rusconi, 2009).

CST contributes to a more humanistic view of CSR because it also acts in such a way that every single corporate operation can be viewed and experienced as an important contribution towards a human being’s well-being, *in this way giving clear motivation and inclination towards virtuous behaviour and a wider view of a human being’s necessity and priority.*

4.2. Common Good

The Second Vatican Council defines “Common Good” as:

“the sum of those conditions of social life which allow social groups and their individual members relatively through and ready access to their own fulfilment” (Gaudium et Spes, 26).

This principle provides additional input to support a more sound ethical basis for CSR, in fact speaking of promoting responsibility towards every social group or person underlines the necessity for CSR to be universally mankind-oriented and not to submit socio-economic and ethical thinking to the partial or selfish points of view and interests of both companies and social groups.

For example, as far as regards a firm’s foreign outsourcing, if we consider the local workers it may be judged ethical not to move the factory, but, if we think of the needs of people living in a poor country, this outsourcing could be considered ethical, because it resolves some of their problems and promotes an induction of new, modern enterprises.

Without a perspective centred on the interconnected principles of human beings and common good, this outsourcing risks being considered from two opposing ethical points of view:

- 1) it is considered absolutely ethical not to outsource, neglecting respect for the common good as far as the people awaiting a new plant are concerned;

2) it is considered absolutely ethical to outsource, ignoring the damage to workers at the old plant.

The common good approach does not provide a rapid and easy solution to this dilemma, but it can help to find a specific solution taking a global view of human needs and values into consideration. So a common good view of CSR does not risk stopping the analysis of this dilemma at a first superficial consideration of the opposition between ethical perspectives 1) and 2) above, but it aims to go much further, considering, in a synergic perspective the following questions: What are the social and economic conditions of the potential workers at a new plant? What are the possible future wages and social contributions of the potential workers at a new plant? Is outsourcing only a way of exploiting new workers comparatively? What are the employment conditions and social welfare provisions in the old plant area? Is the potential new plant respecting regulations concerning pollution and fundamental human rights or is this outsourcing aimed only at a sort of dumping based on a disregard for the environment or offending human rights?

4.3. Solidarity

"Solidarity highlights in a particular way the intrinsic social nature of the human person, the equality of all in dignity and rights and the common path of individuals and peoples towards an ever more committed unity" (Compendium, 2004, 192).

Solidarity is in the meanwhile a social principle and a moral virtue. According to the first:

Solidarity must be seen above all in its value as a moral virtue that determines the order of institutions (author's note: in italics in the original text). On the basis of this principle the "*structures of sin* (author's note: in italics in the original text) that dominate relationships between individuals and peoples must be overcome. They must be purified and transformed into *structures of solidarity* (author's note: in italics in the original text) through the creation or appropriate modification of laws, market regulations, and juridical systems" (Compendium, 2004, 193).

The second angle points out that solidarity:

Solidarity is also an authentic moral virtue (author's note: in italics in the original text), not a "feeling of vague compassion or shallow distress at the misfortunes of so many people, both near and far. On the contrary, it is a *firm and persevering determination* (author's note: in italics in the original text) to commit oneself to the *common good* (author's note: in italics in the original text). That is to say to the good of all and of each individual, because we are *all* (author's note: in italics in the original text) really *responsible for all* (author's note: in italics in the original text)". Solidarity rises to the rank of fundamental *social virtue* (author's note: in italics in the original text) since it places

itself in the sphere of justice. It is a virtue directed *par excellence* (author’s note: in italics in the original text) to the *common good* (author’s note: in italics in the original text), and is found in “a commitment to the good of one’s neighbour with the readiness, in the Gospel sense, to lose oneself for the sake of the other instead of exploiting him, and ‘to serve him’ instead of oppressing him for one’s own advantage (Cf. Mt 10,40-42; 20,25; Mc 10,42-45; Lc 22,25-27)” (Compendium, 2004, 193).

Solidarity, as a social principle, contributes towards a better understanding of how a company can be socially responsible. In fact, this principle forces top managers never to forget that any irresponsible behaviour can reflect on the sense of justice of the community as a whole, in such a way that it undermines the building of *structures of solidarity* and does not, of course, prepare a social environment capable of propagating CSR.

As a moral virtue, solidarity can become an important driving force for CSR management to take special care of the so-called “dependent” stakeholders, who have a very high *legitimacy* (for example thinking of the risks for life, human dignity or essential wealth) and *urgency*, but very little *power* (Mitchell et al., 1997).

4.4. Subsidiarity

The principle of subsidiarity says:

“...all societies of a superior order must adopt attitudes of help (*“subsidium”*) (author’s note: in italics in the original text) – therefore of support, promotion, development- with respect to lower-order societies. In this way, intermediate social entities can properly perform the functions that fail to them without being required to hand them over unjustly to other social entities of a higher level, by which they would end up being absorbed and substituted, in the end seeing themselves denied their dignity and essential place” (Compendium, 2004, 186).

Usually subsidiarity has been proposed to prevent a superior power from interfering with the free and autonomous initiatives of intermediate communities (family, various organizations and so on), when they are capable of accomplishing their objectives in life. Subsidiarity is, however, connected with solidarity (here it is the duty of States, local authorities and so on).

In the case of CSR, this principle can prevent corporate paternalism, i.e. letting all stakeholders organize themselves and have an autonomous voice and ability to choose. In this way we can also reply to the objection of sceptical liberals quoted and criticized in Walters (1977).

5. Conclusion

The short “ideal history” of CSR presented here helps us to reflect on the complex development of CSR in itself. The most important issue is the key role of ethics as the foundation of CSR, that can enable us to avoid any purely instrumental (or ingenuous win-win) view of CSR. The “ideal history” narrated above in fact also suggests that without a sound ethical basis authentic CSR can face a crisis (second phase) or risk being jeopardized by instrumentalism and/or by fashion.

CV provides a structure of thought with which *to grasp the essentially ethical nature of CSR*, without omitting to leave space for the pursuit of success and business efficiency. For this purpose, CV refers to the principles of CST as a finalistic guide for managers and scholars.

Last but not least, future research on CSR also implies the considerable challenge of opening up a dialogue amongst all different religions and philosophies which, while using and giving space to specific economics and business knowledge and skills, aims both at grounding CSR on non-relativistic or fragile bases and, at the same time, sustaining a dialogue in order to find an increasingly human centred view of business throughout the world. Reflecting on CSR using CV and CST principles is also a useful step towards tackling this focal challenge.

Though CSR is not a comprehensive ethical view in itself and, obviously, does not eliminate all the differences among various ethical/religious views, every human being, whether Catholic or not, can use reflections on CSR to achieve a better grasp of such a multiform, and sometimes controversial, concept as CSR (Garriga and Melé, 2004; Rusconi and Dorigatti, 2004; Alford, 2005; Melé, 2006; Alford and Compagnoni, 2008; Alford e al., 2010).

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